Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)

The condensed interim consolidated financial statements (Unaudited)
For the three- and six-months periods ended 30 June 2023

and The Independent Auditor Review Report on the condensed interim consolidated financial statements

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Index of the condensed consolidated interim financial statements
For the six-month period ended 30 June 2023 (Unaudited)

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of
Abdulmohsen Al-Hokair Group for Tourism and Development Company "A Saudi Joint Stock Company"
Riyadh – Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Abdulmohsen Al-Hokair Group for Tourism and Development Company ("the Company") and its subsidiaries (together "the Group") as at 30 June 2023 and the related condensed interim consolidated statement of profit or loss and other comprehensive income for the three and six months periods then ended, and the condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of those condensed interim consolidated financial statements in accordance with International Accounting Standard ("IAS 34") "*Interim Financial Reporting*" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements is not prepared in all material respects in accordance with IAS (34) that is endorsed in the Kingdom of Saudi Arabia.

Emphasis of Matter

We draw attention to Note 2 to the accompanying condensed interim consolidated financial statements, which indicates that the Group incurred a net loss of Saudi Riyals 29,4 million for the six months period ended 30 June 2023 resulting in accumulated losses of Saudi Riyals 54 million as at 30 June 2023. In addition, the Group's current liabilities exceeded its current assets by Saudi Riyals 252,2 million as at that date. The Group is mainly dependent on the successful execution of its business plans to generate sufficient cash flows so as to enable it to both meet its obligations as they fall due and maintain the continuity of its operations without significant curtailment. These conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2023 (CONTINUED)

Other Matter

The condensed interim consolidated financial statements for the Group for three- and six-months periods ended at 30 June 2022, were reviewed by another auditor, and an unmodified conclusion was issued on 30 August 2022. The Group's consolidated financial statements for the year ended at 31 December 2022, were also audited by same auditor, and an unmodified opinion was issued on those consolidated financial statements on 9 April 2023.

For Dr. Mohamed Al-Amri & Co.

Maher Al-Khateb
Certified Public Accountant
Registration No. 514

د. محمد العمري وشركاه - محاسبون قانونيون
شركة مهنية رقم ٣٢٣/١١/٩٦
س.ت ٤٠٣٠٢٧٥٣٣٠
Jeddah
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Riyadh, 27 Muharram 1445 (H)
Corresponding to: 14 August 2023 (G)

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Condensed interim consolidated statement of financial position
As at 30 June 2023
(All amounts in thousands Saudi Riyal unless otherwise stated)

	Note	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
ASSETS			
Non-current assets			
Investments in joint ventures	5	**107,421**	105,632
Property and equipment	6	**779,644**	779,812
Intangible assets		**7,871**	8,530
Right of use assets	7	**873,372**	857,956
Long term loans to a joint venture		**13,891**	10,734
Total non-current assets		**1,782,199**	1,762,664
Current assets			
Inventories		**22,163**	19,530
Trade receivables		**90,083**	92,413
Prepayments and other current assets		**154,184**	137,072
Financial asset held at FVTPL		**-**	10,053
Cash and cash equivalents		**40,932**	45,206
Total current assets		**307,362**	304,274
Total Assets		**2,089,561**	2,066,938
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**315,000**	315,000
Other reserves		**561**	(219)
Accumulated losses		**(54,015)**	(24,615)
Net Equity		**261,546**	290,166
Liabilities			
Non-current liabilities			
Non-current portion of long-term loans	8	**336,432**	340,953
Non-current portion of lease liabilities	9	**882,824**	853,857
Employees' terminal benefits liabilities		**49,161**	48,519
Total non-current liabilities		**1,268,417**	1,243,329
Current liabilities			
Trade payables and other current liabilities		**253,462**	244,063
Short term loans and current portion of long-term loans	8	**184,514**	168,018
Current portion of lease liabilities	9	**114,762**	114,502
Provision for zakat		**6,860**	6,860
Total current liabilities		**559,598**	533,443
Total liabilities		**1,828,015**	1,776,772
Total equity and liabilities		**2,089,561**	2,066,938

The accompanying notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officer

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Condensed interim consolidated statement of profit or loss and other comprehensive income
For the three and six-months periods ended 30 June 2023
(All amounts in thousands Saudi Riyal unless otherwise stated)

	Notes	For the three-months period ended 30 June 2023 (Unaudited)	For the three-months period ended 30 June 2022* (Unaudited)	For the six-months period ended 30 June 2023 (Unaudited)	For the six-months period ended 30 June 2022* (Unaudited)
Revenue					
- Hotels		**94,808**	85,321	**191,510**	182,516
- Entertainment		**95,080**	77,128	**154,407**	143,023
- Others		**11,193**	9,616	**19,002**	18,903
Total revenue		**201,081**	172,065	**364,919**	344,442
Cost of revenue					
- Hotels		**(71,416)**	(78,646)	**(146,148)**	(158,987)
- Entertainment		**(66,849)**	(59,559)	**(120,548)**	(113,991)
- Others		**(6,794)**	(10,394)	**(16,986)**	(20,522)
Total cost of revenue		**(145,059)**	(148,599)	**(283,682)**	(293,500)
Gross profit		**56,022**	23,466	**81,237**	50,942
Expenses					
Selling and marketing		**(6,557)**	(7,572)	**(13,420)**	(15,355)
General and administration		**(30,098)**	(38,736)	**(63,358)**	(76,082)
Total expenses		**(36,655)**	(46,308)	**(76,778)**	(91,437)
Operating profit / (loss)		**19,367**	(22,842)	**4,459**	(40,495)
Finance cost on loans		**(9,098)**	(5,573)	**(18,313)**	(10,348)
Finance cost on lease liabilities		**(9,025)**	(9,570)	**(20,164)**	(19,738)
Share in net results of joint ventures	5.1	**2,932**	1,019	**6,036**	1,473
Income from financial asset held at FVTPL		**89**	-	**191**	-
Other income		**144**	3	**302**	4
Gain from lease termination		**560**	-	**560**	-
(Provision for) / reversal of allowance for expected credit loss		**(180)**	917	**(2,649)**	984
Gain on disposal of property and equipment		**154**	382	**178**	467
Profit / (loss) before zakat		**4,943**	(35,664)	**(29,400)**	(67,653)
Zakat	10	**-**	-	**-**	-
Net profit (loss) for the period		**4,943**	(35,664)	**(29,400)**	(67,653)
Other comprehensive income / (loss)					
Items that will not be reclassified to profit or loss:					
Remeasurement of post-employment benefit obligations, net of zakat		**1,234**	(330)	**1,337**	(537)
Items that will be reclassified to profit or loss:					
Subsidiary's financial statements' translation differences		**(14)**	33	**(557)**	(601)
Other comprehensive income / (loss) for the period		**1,220**	(297)	**780**	(1,138)
Total comprehensive income / (loss) for the period		**6,163**	(35,961)	**(28,620)**	(68,791)
Profit / (loss) per share:					
Basic and diluted profit / (loss) per share (SR)	13	**0.02**	(0.11)	**(0.09)**	(0.21)

* Refer to note 18 for more details about the restatements for the comparative figures.

The accompanying notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officer

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Condensed interim consolidated statement of changes in equity
For the six-months period ended 30 June 2023
(All amounts in thousands Saudi Riyal unless otherwise stated)

	Share capital	Other reserves	Accumulated losses	Total equity
For the six-months period ended 30 June 2022 (Unaudited)				
Balance as at 1 January 2022 (Audited)	650,000	171	(272,291)	377,880
Restatements	-	-	(5,836)	(5,836)
Restated balance as at 1 January 2022 (Audited)	650,000	171	(278,127)	372,044
Loss for the period	-	-	(67,653)	(67,653)
Other comprehensive loss for the period	-	(1,138)	-	(1,138)
Total comprehensive loss for the period	-	(1,138)	(67,653)	(68,791)
Restated balance as at 30 June 2022 (Unaudited)	650,000	(967)	(345,780)	303,253
For the six-months period ended 30 June 2023 (Unaudited)				
Balance as at 1 January 2023 (Audited)	**315,000**	**(219)**	**(24,615)**	**290,166**
Loss for the period	**-**	**-**	**(29,400)**	**(29,400)**
Other comprehensive income for the period	**-**	**780**	**-**	**780**
Total comprehensive income / (loss) for the period	**-**	**780**	**(29,400)**	**(28,620)**
Balance as at 30 June 2023 (Unaudited)	**315,000**	**561**	**(54,015)**	**261,546**

The accompanying notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)
Condensed interim consolidated statement of cash flows
For the six-months period ended 30 June 2023
(All amounts in thousands Saudi Riyal unless otherwise stated)

	Notes	For the six-months period ended 30 June 2023 (Unaudited)	2022* (Unaudited)
OPERATING ACTIVITIES			
Loss for the period before zakat		**(29,400)**	(67,653)
Adjustments for:			
Depreciation of property and equipment	6.1	**61,578**	67,512
Amortization of intangible assets		**821**	697
Depreciation of right of use assets	7	**45,773**	45,304
Rent concession		**-**	(790)
Gain from lease termination		**(560)**	-
Provision for / (Reversal of) allowance for expected credit loss		**2,649**	(984)
Provision for slow moving inventories		**92**	211
Share in net results of joint ventures	5.1	**(6,036)**	(1,473)
Gain on disposal of property and equipment		**(178)**	(467)
Financial charges on loans		**18,313**	10,348
Financial charges on lease liabilities		**20,164**	19,737
Finance income from long term loan to joint venture		**(251)**	-
Income from financial asset held at FVTPL		**(191)**	-
Employees' terminal benefits liabilities provision		**5,175**	5,335
Operating cash flows before changes in working capital and zakat paid:		**117,949**	77,777
Changes in working capital:			
Trade receivables		**(319)**	5,258
Prepayments and other current assets		**(17,715)**	(26,744)
Inventories		**(2,725)**	45
Trade payables and other current liabilities		**9,399**	25,599
Cash from operating activities		**106,589**	81,935
Employees' terminal benefits paid		**(3,196)**	(4,017)
Net cash generated from operating activities		**103,393**	77,918
INVESTING ACTIVITIES			
Additions to property and equipment	6	**(62,144)**	(15,689)
Additions to intangible assets		**(162)**	(265)
Proceeds from disposal of property and equipment		**331**	507
Dividends received from joint ventures		**4,850**	-
Addition to investments in joint ventures	5.1	**-**	(150)
Long term loans to a joint venture		**(2,906)**	(9,640)
Proceeds from sale of financial asset held at FVTPL		**10,244**	-
Net cash used in investing activities		**(49,787)**	(25,237)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	8	**105,935**	78,828
Repayment of loans and borrowings	8	**(96,970)**	(115,857)
Payment of lease liabilities	9	**(51,566)**	(58,153)
Finance cost paid		**(15,303)**	(9,617)
Net cash used in financing activities		**(57,904)**	(104,799)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(4,298)**	(52,118)
Effect of exchange in a subsidiary's financial statements' translation differences		**24**	(38)
Cash and cash equivalents at the beginning of the period		**45,206**	171,461
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**40,932**	119,305

The accompanying notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

* Refer to note 18 for more details about the restatements for the comparative figures.

Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officer

(All amounts in thousands Saudi Riyal unless otherwise stated)

1. General information

Abdulmohsen AI-Hokair Group for Tourism and Development Company (the "Company") is a Saudi Joint Stock Company that operates under commercial registration number 1010014211 dated 16 Sha'aban 1398H (corresponding to 22 July 1978) and has branches and divisions operating in Riyadh, Jeddah, Khobar and other cities within the Kingdom of Saudi Arabia ("KSA").

The registered address of the Group is Al Murooj District North Ring Road between exit 4 and 5 after Hilton Double Room P.O. Box 57750 Riyadh 11584.

The Company and its subsidiaries listed below (the "Group") are engaged in the establishment, management and operations of the following:

- Hotels and furnished apartments.
- Entertainment centers, recreation centers and tourist resorts.
- Commercial mall.
- Restaurants, parks and similar facilities.

The Company has invested in the following subsidiaries, which are included in these condensed interim consolidated financial statements:

	Direct and indirect Ownership %			
Subsidiary	**30 June 2023**	**31 December 2022**	**Principal activity**	**Country of incorporation**
Sparky's Land Amusement Toys Company ("Sparky's")	100%	100%	Operation and management of electrical games hall, children amusement games hall and electronic games.	United Arab Emirates
Asateer Company for Entertainment and Tourism	100%	100%	Operation and management of electrical games hall, children amusement games hall and electronic games	Arab Republic of Egypt
Osool Al Mazaya Hospitality Company	85%	85%	Establishment and operation of sport facilities projects	Kingdom of Saudi Arabia

Since the subsidiaries are wholly or substantially owned by the Group, the non-controlling interest is insignificant and therefore not disclosed. All of the above-mentioned subsidiaries have been consolidated.

2. GOING CONCERN

The condensed interim consolidated financial statements as at 30 June 2023 indicate that the Group incurred a net loss of Saudi Riyals 29.4 million for the six months period ended 30 June 2023 (Saudi Riyals 67.6 million for the six-months period ended 30 June 2022) resulting in accumulated losses of Saudi Riyals 54 million as at 30 June 2023 (Saudi Riyals 24.6 million as at 31 December 2022). Further, the current liabilities of the Group exceeded its current assets by Saudi Riyals 252.2 million as at 30 June 2023 (Saudi Riyals 229.2 million as at 31 December 2022). These conditions indicate the existence of a material uncertainty that may cast a doubt on the Group's ability to continue as a going concern

Management assessed the Group's ability to successfully meet its business plan and to generate sufficient cash flows to meet its obligations for the next 12 months. In preparing the forecast, management has considered all reasonably probable cash flows with such timing and amount as supported by the circumstances and facts available as of the date of the approval of these condensed interim consolidated financial statements. In preparing the business plan the management considered the following factors:

1. The Group was able to settle all its maturing loans with original due dates in the second quarter of 2023 which amounted to SAR 96.9 million and the same level of commitment is included in the plans for the next 12 months for loans amounting to SAR 174.9 million.

2. The Group was able to renew all bank facilities historically and despite the fact that the Group did not achieve the targets of certain loan covenants, it was not in breach of the covenants as the Group has obtained waivers from the relevant banks prior to year-end, which shall support the Group ability to utilize the available facilities and its revolving credit lines during the next 12 months.

2. GOING CONCERN - continued

3. The Group continued to generate positive cash flows from its operating activities and generated SAR 103.**4** million during the second quarter of 2023 and management believes that the Group will be able to generate positive cash flows in its plan for the next 12 months.

4. The Group has absorbed the accumulated losses as of 30 June 2022 through a capital reduction amounting to SAR 335 million pursuant to the approval of its extraordinary general assembly held on 6 October 2022. Based on the above plan, the Group's cash flow forecast for the 12-months period from the reporting date shows a net positive cash flow position and the Group's management believe that it would be able to generate sufficient cash flows to enable it to meet its obligations as they fall due for the next 12 months from the date of these condensed interim consolidated financial statements considering the above-mentioned factors. However, there is a continued dependence on the successful outcome of the following:

- The Group's ability to successfully meet its business plan and to generate sufficient cash flows to meet its obligations for the next 12 months from the date of approval of these condensed interim consolidated financial statements.

- Ability to continue renewing the existing bank facility arrangements once they expire or if there is a debt covenant breach.
- Ability to continue to use the unutilized facilities as of 30 June 2023 which the Group has eligibility to withdraw;
- Ability to roll-over the revolving facilities as they mature;

Accordingly, management continues to believe that it remains appropriate to prepare the condensed interim consolidated financial statements on a going concern basis. Therefore, the condensed interim consolidated financial statements have been prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and professional accountants ("SOCPA").

These condensed interim consolidated financial statements should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended 31 December 2022 and do not include all of the information required for a complete set of financial statements under International Financial Reporting Standards "IFRS" as endorsed by SOCPA. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's condensed interim consolidated financial position and performance since the last annual audited consolidated financial statements.

The results for the six months period ended on 30 June 2023 are not necessarily indicative of the results that can be expected for the year ending on 31 December 2023.

3.2 Historical cost convention

These condensed interim consolidated financial statements have been prepared under the historical cost convention. Except for employees' terminal benefits liabilities are recognized at the present value of future obligations using the Projected Unit Credit Method.

3.3 Functional and presentation currency

These condensed interim consolidated financial statements are presented in Saudi Riyal (SR) and all values are rounded to the nearest thousand, except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

3.4 Consistent application of accounting policies

These accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2023 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Interim Consolidated Financial Statements as at 30 June 2023.

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

3.5 Basis of consolidation

These condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2023. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed interim consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. When a Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in the consolidated statement of comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4. SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

However, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Group's last annual audited consolidated financial statements as at and for the year ended December 31, 2022.

Going concern
these condensed consolidated interim financial statements have been prepared on a going concern basis. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Please refer to note 2 for further details.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash generating units (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Provision for expected credit losses of trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Property and equipment useful life and residual value
Management estimated and assessed that useful life and residual value of property and equipment have not changed significantly. Any change in the estimated useful life or depreciation pattern will be accounted for prospectively.

(All amounts in thousands Saudi Riyal unless otherwise stated)

5. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures represent investments in the following companies, which are limited liability companies, except Tourism and Real Estate Development Company which is a Saudi closed joint stock company. All of the below companies are registered in the Kingdom of Saudi Arabia. The Group's investments in joint ventures are accounted for using the equity method in the condensed interim consolidated financial statements.

	Ownership			
	30 June 2023	**31 December 2022**	**30 June 2023 (Unaudited)**	**31 December 2022 (Audited)**
	%	**%**		
Joint Ventures				
Tourism and Real Estate Development Company	**48.5**	48.5	**63,298**	65,338
Asateer Company for Entertainment Projects Limited	**50**	50	**20,256**	18,272
Luxury Entertainment Company	**31**	31	**13,127**	16,691
Al Qaseem Trading Company Limited	**50**	50	**10,590**	4,695
Asateer Gulf Sports Company Limited	**33.3**	33.3	**150**	353
Tarfeeh Company for Tourism and Projects Limited	**50**	50	**-**	283
			107,421	105,632

5.1 Movement in the investments in joint ventures:

	For the six- months period ended 30 June 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
At the beginning of the period / year	**105,632**	101,233
Addition during the period / year	**-**	150
Share in net results	**6,036**	389
Share in other comprehensive income items	**-**	(129)
Transferred from loans to joint venture	**-**	16,471
Absorption of losses	**603**	198
Dividends	**(4,850)**	(12,630)
Disposal	**-**	(50)
At the end of the period / year	**107,421**	105,632

(All amounts in thousands Saudi Riyal unless otherwise stated)

6. PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings and improvements	the shorter of useful life (10 to 30 years) or lease period
Entertainment equipment	4 to 10 years
Furniture and fixtures	4 to 8 years
Motor vehicles	4 to 5 years
Air conditioners	4 to 10 years
Computers	4 years
Tools	3 to 10 years

	Building and improvements	Entertainment equipment	Furniture and fixtures	Motor vehicles	Air conditioners	Computers	Tools	Projects under construction	Total
For the period ended 30 June 2023 (Unaudited)									
Cost:									
As at 1 January 2023	**1,059,107**	**634,416**	**257,831**	**24,956**	**84,582**	**60,948**	**148,179**	**27,815**	**2,297,834**
Additions	**4,250**	**29,977**	**1,217**	**129**	**2,660**	**547**	**203**	**23,161**	**62,144**
Disposals	**-**	**(1,665)**	**(5,789)**	**(333)**	**(264)**	**(383)**	**(3,837)**	**-**	**(12,271)**
Transfer from projects under construction	**874**	**-**	**174**	**-**	**258**	**214**	**2,953**	**(4,473)**	**-**
Exchange difference	**(177)**	**(534)**	**(2)**	**(10)**	**-**	**(29)**	**-**	**(31)**	**(783)**
As at 30 June 2023	**1,064,054**	**662,194**	**253,431**	**24,742**	**87,236**	**61,297**	**147,498**	**46,472**	**2,346,924**
Depreciation:									
As at 1 January 2023	**505,206**	**522,567**	**224,527**	**24,472**	**64,727**	**57,772**	**118,127**	**624**	**1,518,022**
Charge for the period (note 6.1)	**28,504**	**18,052**	**7,400**	**78**	**2,889**	**814**	**3,841**	**-**	**61,578**
Disposals	**-**	**(1,514)**	**(5,787)**	**(333)**	**(264)**	**(383)**	**(3,837)**	**-**	**(12,118)**
Exchange difference	**(45)**	**(137)**	**(2)**	**(8)**	**-**	**(10)**	**-**	**-**	**(202)**
As at 30 June 2023	**533,665**	**538,968**	**226,138**	**24,209**	**67,352**	**58,193**	**118,131**	**624**	**1,567,280**
Net book values:									
As at 30 June 2023	**530,389**	**123,226**	**27,293**	**533**	**19,884**	**3,104**	**29,367**	**45,848**	**779,644**

(All amounts in thousands Saudi Riyal unless otherwise stated)

6. PROPERTY AND EQUIPMENT - continued

	Building and improvements	Entertainment equipment	Furniture and fixtures	Motor vehicles	Air conditioners	Computers	Tools	Projects under construction	Total
For the year ended as at 31 December 2022 (Audited)									
Cost:									
As at 1 January 2022	1,112,996	653,924	278,864	27,272	94,912	64,150	170,189	10,378	2,412,685
Additions	11,478	10,246	2,086	253	1,246	774	128	27,969	54,180
Disposals (*)	(69,250)	(28,744)	(23,660)	(2,741)	(12,087)	(4,645)	(24,051)	(2,067)	(167,245)
Transfer from projects under construction	4,415	102	547	204	511	708	1,913	(8,400)	-
Exchange difference	(532)	(1,112)	(6)	(32)	-	(39)	-	(65)	(1,786)
As at 1 December 2022	1,059,107	634,416	257,831	24,956	84,582	60,948	148,179	27,815	2,297,834
Depreciation:									
As at 1 January 2022	499,280	512,322	229,541	27,011	68,133	58,287	129,518	2,691	1,526,783
Charge for the year (note 6.1)	58,318	38,028	17,285	221	6,845	3,047	8,662	-	132,406
Disposals (*)	(52,311)	(27,488)	(22,295)	(2,741)	(10,251)	(3,545)	(20,053)	(2,067)	(140,751)
Exchange difference	(81)	(295)	(4)	(19)	-	(17)	-	-	(416)
As at 1 December 2022	505,206	522,567	224,527	24,472	64,727	57,772	118,127	624	1,518,022
Net book values:									
As at 31 December 2022	553,901	111,849	33,304	484	19,855	3,176	30,052	27,191	779,812

(*) During the year 2022, the Group has disposed of assets of a certain hotel, due to the termination of lease agreement. In addition, on 19 July 2022, the municipality of Jeddah notified the Group's parent company (Abdulmohsen Abdulaziz Al Hokair Group), to evacuate a hotel which the parent Company owns and leases to the Group. The hotel is on a piece of land which the municipality of Jeddah intends to develop. As a result, the Group assessed the financial impact of expropriation of the hotel and recorded a write-off loss equivalent to its carrying value amounting to SR 23.6 million. Furthermore, the Group and its Parent Company has entered into a lease termination agreement dated 6 September 2022 whereby it was agreed that the Parent Company will compensate the Group with an amount of SR 23.6 million as a result of the lease termination and the expropriation of the hotel by the municipality of Jeddah.

The above assets are situated on land and buildings that are leased from a principal shareholder of the Group, affiliates and third parties.

(All amounts in thousands Saudi Riyal unless otherwise stated)

6. PROPERTY EQUIPMENT - continued

6.1 The depreciation charge has been allocated within the Condensed interim consolidated statement of profit or loss and other comprehensive income as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cost of revenue	**59,583**	127,528
General and administration expenses	**1,995**	4,878
	61,578	132,406

7. RIGHT-OF-USE ASSETS

The Group leases several assets including lands, buildings, spaces in malls and residential units. Information about assets for which the Group is a lessee is presented below:

	Land	Buildings and offices	Spaces in malls	Residential units	Total
For the period ended 30 June 2023 (Unaudited)					
Cost:					
As at 1 January 2023	**232,397**	**328,275**	**663,058**	**11,951**	**1,235,681**
Additions	**-**	**835**	**24,360**	**-**	**25,195**
Termination	**-**	**(6,258)**	**-**	**(8,054)**	**(14,312)**
Modifications of leases	**32,934**	**(1,890)**	**5,108**	**-**	**36,152**
As at 30 June 2023	**265,331**	**320,962**	**692,526**	**3,897**	**1,282,716**
Depreciation:					
As at 1 January 2023	**47,175**	**96,461**	**223,507**	**10,582**	**377,725**
Charge during the period	**8,167**	**10,478**	**26,690**	**438**	**45,773**
Termination	**-**	**(6,258)**	**-**	**(7,896)**	**(14,154)**
As at 30 June 2023	**55,342**	**100,681**	**250,197**	**3,124**	**409,344**
Net book values:					
As at 30 June 2023	**209,989**	**220,281**	**442,329**	**773**	**873,372**

	Land	Buildings and offices	Spaces in malls	Residential units	Total
For the year ended as at 31 December 2022 (Audited)					
Cost:					
As at 1 January 2022	208,858	317,723	583,363	11,951	1,121,895
Additions	23,539	13,754	129,300	-	166,593
Terminations	-	(3,202)	(29,045)	-	(32,247)
Modification of leases	-	-	(20,560)	-	(20,560)
As at 31 December 2022	232,397	328,275	663,058	11,951	1,235,681
Depreciation:					
As at 1 January 2022	33,869	74,599	179,099	8,904	296,471
Charge for the year	13,306	24,601	50,010	1,678	89,595
Termination	-	(2,739)	(5,602)	-	(8,341)
As at 31 December 2022	47,175	96,461	223,507	10,582	377,725
Net book values:					
As at 31 December 2022	185,222	231,814	439,551	1,369	857,956

(All amounts in thousands Saudi Riyal unless otherwise stated)

8. LOANS

Loans represent Murabaha financing obtained from local banks with a commission linked to SIBOR plus the agreed margin. The commission varies between the loans and depends on the contractual provisions of each agreement. The weighted average commission (based on the carrying amount of the loans as at 30 June 2023) is SAIBOR plus 2.2% and is equivalent to the market interest rates.

The following is a summary of the loans:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current portion of long-term loans	**164,000**	147,663
Short term loans	**20,514**	20,355
	184,514	168,018
Non-current portion of long-term loans	**336,432**	340,953
	520,946	508,971

(a) The movement in the loans is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period / year	**508,971**	554,247
Proceeds during the period / year	**105,935**	210,483
Financial charges for the period / year	**18,313**	-
Repayments during the period / year	**(96,970)**	(255,759)
Finance cost paid during the period / year	**(15,303)**	-
	520,946	508,971

(i) The loan agreements contain covenants, under the terms of these agreements, banks have the right to demand immediate repayment of the loans if any of the covenants are not met unless the testing of covenant is waived. As at 30 June 2023, the Group did not achieve the targets for certain loan covenants but has obtained waivers from the relevant banks at prior year end and testing date which exempted the group from the requirement to test the covenants in that period. Accordingly, the group was not in breach of the covenants requirements and retained the legal right to make the loan repayments in accordance with the schedule as described in the loan agreements.

(ii) The management assessed that fair value of short-term loans and current portion of long-term loans approximate their carrying amounts due to the short-term maturities of these instruments.

9. LEASE LIABILITIES

The minimum lease payments for the years subsequent to the date of the condensed interim consolidated statement of financial position are as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Maturity analysis - contractual undiscounted cash flows		
Within one year	**153,118**	143,331
After one year but not more than five years	**466,447**	453,995
More than five years	**627,391**	608,210
Total undiscounted lease liabilities	**1,246,956**	1,205,536

(All amounts in thousands Saudi Riyal unless otherwise stated)

9. LEASE LIABILITIES - continued

The net present value of the net lease payments is as follows:

	30 June 2023 (Unaudited)	**31 December 2022 (Audited)**
Lease liabilities included in the condensed interim consolidated statement of financial position		
Current portion of lease liabilities	**114,762**	114,502
Non-current portion of lease liabilities	**882,824**	853,857
	997,586	968,359

	For the six months period ended 30 June	
	2023 (Unaudited)	**2022 (Unaudited)**
Amounts recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income:		
Financial charges on lease liabilities	**20,164**	19,738
Variable lease payments not included in the measurement of lease liabilities	**27,171**	28,172
Expenses relating to short term leases	**3,057**	3,177

As mentioned in Note 7, the Group leases several assets including land, building, spaces in malls and residential units. These contracts are typically made for fixed periods from 5 to 20 years. However, the Group has certain lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Some hotels property leases contain variable payment terms that are linked to sales generated from a hotel with percentages 20% of sales. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs. A 10% increase in sales across all hotels in the Group with such variable lease contracts would increase total lease payments by approximately SR 2.6 million (31 December 2022: SR 4.9 million).

Movement in lease liabilities during the six- month period ended 30 June 2023 and year ended 31 December 2022 is as follows:

	30 June 2023 (Unaudited)	**31 December 2022 (Audited)**
At the beginning of the period / year	**968,359**	936,246
Additions during the period / year	**25,195**	166,593
Financial charge for the period / year	**20,164**	34,638
Payments during the period / year	**(51,566)**	(111,614)
Rent concession during the period / year	**-**	(6,368)
Modifications during the period / year	**36,152**	(20,560)
Terminations during the period / year	**(718)**	(30,576)
At the end of the period / year	**997,586**	968,359
Current portion of lease liabilities	**(114,762)**	(114,502)
Non-current portion of lease liabilities	**882,824**	853,857

(All amounts in thousands Saudi Riyal unless otherwise stated)

10. ZAKAT

Zakat expense is determined according to the requirements of Zakat, Tax and Customs Authority ("ZATCA") and is charged to condensed interim consolidated statement of profit or loss and other comprehensive income. Differences resulting from the final Zakat calculation, if any, are adjusted in the period when final assessments are received.

During the period, management expects the Group's zakat base to be negative at year end and thus will not be recognize zakat for the period.

The Group has filed its zakat returns with ZATCA for all the years up to 2022. The Group obtained the final zakat assessments for the years from 2014 to 2017 In addition, Zakat assessments for the years from 2018 to 2020 were received by the Group.

11. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Company consists of 315 million share of SR 1 each (31 December 2022: 31.5 million share of SR 10 each).

On 10 Rabi' al Awwal 1444H (corresponding to: 6 October 2022), the extraordinary general assembly agreed to reduce the company's capital from SR 650 million to SR 315 million, with a decrease of 51.54%, thus reducing the number of the company's shares from 65 million shares to 31.5 million shares by canceling 33.5 million shares of the issued company's shares, and this approval was announced on the website of the Capital Market Authority and the Saudi Exchange website.

On 3 Thul-Qi'dah 1444H (corresponding to: 21 June 2023), the extraordinary general assembly agreed to split the company shares to become 315 million shares of SR 1 each instead of 31.5 million share SR 10 each. There is no change in the company's capital before and after the share split.

12. RELATED PARTY TRANSACTIONS AND BALANCES

12.1 Related party transactions

The following are the details of major related party transactions:

		Transactions for the six months period ended 30 June	
Related Party	**Nature of transaction**	**2023 (Unaudited)**	**2022 (Unaudited)**
Abdulmohsen Abdulaziz Al Hokair Group (Ultimate parent)	Rent expense / lease payments (a)	**31,356**	32,274
	Revenue	**3,325**	1,085
Key management executives	Salaries and related benefits (b)	**2,258**	2,943
	Post-employment benefits	**165**	175
Joint ventures	Management fees income	**150**	196
	Loan	**2,906**	9,640
	Interest on loan	**251**	-
Under common control	Rent expense/ Lease payments (a)	**3,817**	2,491
	Revenue	**425**	307
Members of board of directors	Remuneration for meetings	**1,500**	1,500

(All amounts in thousands Saudi Riyal unless otherwise stated)

12. RELATED PARTY TRANSACTIONS AND BALANCES - Continued

12.1 Related party transactions - Continued

a) This amount represents lease/rent payments for 30 properties (2022: 33 properties) that are leased by the Group from the principal shareholder (Abdulmohsen Abdul Aziz Al Hokair Holding Group Company) and parties under common control.

b) Key management executives are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) and the board of members of the company. Salaries and related benefits of SR 2.3 million (2022: SR 2.9 million) were paid to the key management executives of the Group.

12.2 Terms and conditions relating to related party balances

Outstanding balances with related parties at the period-end are unsecured, interest free, settled in cash and due within 12 months of statement of condensed consolidated interim financial position date. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each reporting period by examining the financial position of the related party and the market in which the related party operates.

12.3 Related Party Balances

The following are the details of major related party balances recorded under trade receivables and trade payables as at June 30, 2023, and 31 December 2022:

A. Amounts due from related parties

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Ultimate parent	**41,811**	36,751
Asateer Gulf Sports Company Limited (a joint venture)	**6,429**	3,751
Asateer Company for Entertainment Projects Limited (a joint venture)	**2,490**	2,892
Tarfeeh Company for Projects and Tourism Limited (a joint venture)	**1,212**	1,620
Mena Company for Education and Development (under common control)	**920**	695
Naqaha Healthcare Company Limited (under common control)	**109**	109
Others	**1,668**	1,610
	54,639	47,428

B. Amounts due to related parties

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Tanami Arabia Co. Ltd. (under common control)	**6,492**	8,024
Al Qaseem Company for Entertainment and Commercial Projects Limited (a joint venture)	**692**	692
Riyadh Plastic Factory (under common control)	**812**	662
	7,996	9,378

(All amounts in thousands Saudi Riyal unless otherwise stated)

13. BASIC AND DILUTED LOSS PER SHARE

The following table reflects the profit / (loss) per share calculations:

	For the three months ended 30 June		For the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Net profit / (loss) for the period	**4,943**	(35,664)	**(29,400)**	(67,653)
Weighted average number of ordinary shares outstanding during the period (Note 11)	**Thousands 315,000**	**Thousands 315,000**	**Thousands 315,000**	**Thousands 315,000**
	SR	SR	**SR**	SR
Basic and diluted profit / (loss) per share	**0.02**	(0.11)	**(0.09)**	(0.21)

The weighted average number of ordinary shares outstanding during the period has been retrospectively adjusted on all presented periods to reflect the impact of the split of shares that was approved on 21 June 2023 as disclosed in note 11.

14. COMMITMENTS AND CONTINGENCIES

14.1 Legal contingencies

The Group is involved in litigation in the ordinary course of business, which are being defended. While the ultimate results of these matters cannot be determined with certainty, based on the advice of its legal counsel, the Group's management does not expect that these will have a material adverse effect on its condensed interim consolidated financial position or results of operations as adequate provision was made in the condensed interim consolidated financial statements.

14.2 Capital commitments

As at 30 June 2023, the Group has capital commitments of SR 102.7 million (31 December 2022: SR 109 million) related to projects under constructions.

14.3 Letters of credit and guarantee

As at 30 June 2023, the Group had outstanding letters of credit and guarantee amounting to SR 2.9 million (31 December 2022: SR 7.1 million).

15. SEGMENTAL INFORMATION

The Executive Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated and measured consistently.

15.1 The Group’s reportable segments under IFRS 8

Hotels: engaged in hotel, tourism, health resorts, furnished apartments, restaurants and cafes.

Entertainment: engaged in establishment, management, operation and maintenance of fun cities, entertainment centers, parks and gardens.

Others: includes the operations of head office, commercial center and other segments.

(All amounts in thousands Saudi Riyal unless otherwise stated)

15. SEGMENTAL INFORMATION - Continued

15.1 The Group's reportable segments under IFRS 8 - Continued

The Group's primary business is conducted in Saudi Arabia with three subsidiaries, Sparky's Land Amusement Toys Company UAE, Asateer Company for Entertainment and Tourism – Egypt and Osool Al Mazaya Hospitality Company. However, the total assets, liabilities, commitments and results of operations of those subsidiaries are not significant to the Group's overall condensed interim consolidated financial statements. Transactions between the operating segments are on terms as approved by the management. There are no significant items of revenue or expense between the operating segments. Majority of the segment assets and liabilities comprise operating assets and liabilities.

Following is a summary of key financial information for the six-months period ended 30 June 2023, 30 June 2022 and year ended 31 December 2022:

For the period ended as at 30 June 2023 (Unaudited)	**Hotels**	**Entertainment**	**Others**	**Total**
Revenue	**191,510**	**154,407**	**19,002**	**364,919**
Depreciation of property and equipment – cost of revenue	**(25,644)**	**(28,666)**	**(5,273)**	**(59,583)**
Depreciation of right of use assets	**(7,919)**	**(31,669)**	**(5,403)**	**(44,991)**
Other cost of revenue	**(112,585)**	**(60,213)**	**(6,310)**	**(179,108)**
Gross profit	**45,362**	**33,859**	**2,016**	**81,237**
Expenses	**(40,475)**	**(21,841)**	**(14,462)**	**(76,778)**
Finance cost charges	**(8,236)**	**(23,196)**	**(7,045)**	**(38,477)**
Gain on disposal of property and equipment	**7**	**171**	**-**	**178**
Gain from lease termination	**560**	**-**	**-**	**560**
Other income	**8**	**43**	**251**	**302**
Income from financial asset held at FVTPL	**-**	**-**	**191**	**191**
Share in net results of joint ventures	**-**	**-**	**6,036**	**6,036**
Provision for expected credit loss	**(134)**	**(783)**	**(1,732)**	**(2,649)**
Zakat	**-**	**-**	**-**	**-**
Net loss	**(2,908)**	**(11,747)**	**(14,745)**	**(29,400)**
Property and equipment	314,159	342,063	123,422	779,644
Right of use assets	196,916	458,999	217,457	873,372
Investments in joint ventures	-	-	107,421	107,421
Total assets	679,414	914,118	496,029	2,089,561
Total liabilities	484,731	930,895	412,389	1,828,015

(All amounts in thousands Saudi Riyal unless otherwise stated)

15. SEGMENTAL INFORMATION - Continued

15.1 The Group's reportable segments under IFRS 8 - Continued

For the period ended as at 30 June 2022 (Unaudited)

	Hotels	Entertainment	Others	Total
Revenue	182,516	143,023	18,903	344,442
Depreciation of property and equipment – cost of revenue	(29,589)	(31,017)	(4,687)	(65,293)
Depreciation of right of use assets	(9,896)	(29,961)	(4,665)	(44,522)
Other cost of revenue	(119,502)	(53,013)	(11,170)	(183,685)
Gross profit	23,529	29,032	(1,619)	50,942
Expenses	(46,277)	(23,960)	(21,200)	(91,437)
Finance cost charges	(7,619)	(18,940)	(3,527)	(30,086)
Gain on disposal of property and equipment	65	402	-	467
Other income	4	-	-	4
Share in net results of joint ventures	-	-	1,473	1,473
(Provision for) / reversal of allowance for expected credit loss	1,424	(375)	(65)	984
Zakat reversal	-	-	-	-
Net loss	(28,874)	(13,841)	(24,938)	(67,653)

For the year ended as at 31 December 2022 (Audited)

	Hotels	Entertainment	Others	Total
Property and equipment	343,625	319,936	116,251	779,812
Right of use assets	206,883	448,213	202,860	857,956
Investments in joint ventures	-	-	105,632	105,632
Total assets	719,230	870,014	477,694	2,066,938
Total liabilities	540,211	914,815	321,746	1,776,772

In addition to the above segment reporting, the Company's revenue is generated from the following locations and subsidiaries:

For the period ended as at 30 June 2023 (Unaudited)

	Kingdom of Saudi Arabia	United Arab Emirates	Arab Republic of Egypt	Total
The Company	**348,639**	**-**	**-**	**348,639**
Osool Al Mazaya Hospitality Company	**665**	**-**	**-**	**665**
Sparky's Land Amusement Toys Company	**-**	**14,713**	**-**	**14,713**
Asateer Company for Entertainment and Tourism	**-**	**-**	**902**	**902**
Total revenue	**349,304**	**14,713**	**902**	**364,919**

For the period ended as at 30 June 2022 (Unaudited)

	Kingdom of Saudi Arabia	United Arab Emirates	Arab Republic of Egypt	Total
The Company	**331,069**	**-**	**-**	**331,069**
Osool Al Mazaya Hospitality Company	**671**	**-**	**-**	**671**
Sparky's Land Amusement Toys Company	**-**	**11,509**	**-**	**11,509**
Asateer Company for Entertainment and Tourism	**-**	**-**	**1,193**	**1,193**
Total revenue	**331,740**	**11,509**	**1,193**	**344,442**

(All amounts in thousands Saudi Riyal unless otherwise stated)

15. SEGMENTAL INFORMATION - Continued

15.2 Credit exposure by operating segments is as follows:

For the period ended as at 30 June 2023 (Unaudited)

	Hotels	Entertainment	Others	Total
Assets	**135,133**	**18,865**	**54,183**	**208,181**
Commitments and contingencies	**15,948**	**89,217**	**477**	**105,642**

For the year ended as at 31 December 2022 (Audited)

	Hotels	Entertainment	Others	Total
Assets	140,338	12,247	46,742	199,327
Commitments and contingencies	24,645	91,145	477	116,267

Group's credit exposure is comprised of bank balances, trade receivables and amounts due from related parties.

16. FINANCIAL INSTRUMENTS

Financial assets held at fair value through profit and loss

Financial assets held at fair value through profit and loss comprises the following:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Investment in debt instrument (Mutual fund)	**-**	10,053
	-	10,053

The movements in carrying amount were as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period / year	**10,053**	-
Additions during the period / year	**-**	10,000
Redemption during the period / year	**(10,244)**	-
Change in fair value	**191**	53
	-	10,053

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets mainly consist of bank balances, receivables, contract assets and amounts due from related parties. Its financial liabilities mainly consist of term loans, payables, accruals and amounts due to related parties.

The management has assessed that fair value of bank balances, trade receivables, contract assets and amounts due from related parties, short term loans, amounts due to related parties, accruals and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

18. RESTATEMENT

Management has re-evaluated the accounting treatment of certain transactions and balances recorded in the consolidated financial statements in the prior years to determine if such transactions and balances have been accounted for appropriately under International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia. Where necessary, adjustments were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

Furthermore, the Group reassessed presentations of certain items in the primary consolidated financial statements to ensure that the proposed presentations were consistent with the requirements of IAS 1 "Presentation of financial statements" as endorsed in the Kingdom of Saudi Arabia.

The details of each of such restatements and reclassifications have been set out below with the related financial impact in the tables showing the impact of the restatement to comparative information.

18.1 Restatement (1)

During the prior period, the management identified that useful lives of certain leasehold improvements were not consistent with the lease terms determined in accordance with IFRS 16 - Leases ("IFRS 16") as endorsed in the Kingdom of Saudi Arabia. In a number of cases, the lease terms were found to be significantly shorter than the expected useful life of the underlying leasehold improvements and also of other assets (such as buildings) located within the leased premises. Management has a strong intention to utilise the assets in the course of the group's business until the end of their useful lives. Accordingly, the group has significant economic incentives to renew or extend the leases by either utilising the extension options or by negotiating a new lease term.

After careful examination of each lease contract, historic experience and also the applicable norms, sharia principles, laws and regulations endorsed by the Government of the Kingdom of Saudi Arabia, the group has concluded that it will have a practical ability and is reasonably certain to either exercise the extension option (where such options were explicitly prescribed) or to extend the lease term (where extension options were not explicitly prescribed). The ability to exercise an option to extend the lease term was present at the date of adoption of IFRS 16 on 1 January 2019 and should have been considered when defining the lease term for the respective contracts.

As such, as of the adoption date and for the contracts concluded after the adoption date, the lease liability should include any extension options which were considered reasonably certain would be exercised. Accordingly, the management reassessed the lease term for the relevant contracts starting from the 1 January 2019 to realign them with the requirements of IFRS and where required the lease liability was adjusted accordingly.

18.2 Restatement (2)

Generally, intangible assets should be presented in a separate line item in the face of the statement of financial position. It has been noted by the management that amortisation of intangible assets was included into depreciation of property and equipment and recorded in cost of revenue. intangible assets attributable to ERP systems and the overall in reassessing the requirements in IAS 1, management identified that intangible assets relating to the IT infrastructure are not directly related to revenue generating activities. Accordingly, amortisation of intangible assets should be recorded as a part of general and administrative and not cost of revenue.

18.3 Restatement (3)

During the prior period, the management identified that depreciation related to the mechanical rides was erroneously recorded within the general and administrative expenses. Mechanical rides are directly related to revenue generating activities within the entertainment segment and therefore depreciation on those assets should be recorded in cost of revenue.

18. RESTATEMENT - Continued

18.4 Restatement (4)

During the prior period, management has noted that depreciation related to right-of-use assets for management offices was erroneously recorded in cost of revenue. The management offices are not directly related to revenue generating activities but primarily used for the general and administrative purposes. Accordingly, depreciation on those assets should have been included into general and administrative expenses. The error has been corrected retrospectively by correcting the comparative information.

18.5 Restatement (5)

Represents the reclassification of SAR 467 thousand from other income to “gain on disposal of property and equipment”.

18.6 Restatement (6)

Represent the reclassification of allowance for expected credit loss which were previously included in general and administrative expenses, to a separate line item on the face of the condensed interim consolidated statement of profit or loss and other comprehensive income.

18.7 Restatement (7)

In reviewing the statement of condensed interim consolidated cash flows, management identified that the impact of employees’ terminal benefits on the statement of cash flows was not presented in compliance with IAS 7. Adjustment to profit or loss for the non-cash benefit expense was erroneously offset with the amounts paid to the employees which is not in line with the requirements of IAS 7 for indirect method. The error has been corrected retrospectively by adjusting “Employees' terminal benefits liabilities, net” and “Employees' terminal benefits paid” lines in the statement.

Other adjustments

Management also reconsidered certain presentations within the Statement of condensed interim consolidated cash flows and as a result reclassification were made to the comparatives. Details of the reclassifications are set out below:

(i) the net cash flows from operating activities was determined by adjusting the profit / loss for the effect in operating receivables, which was presented within one line - Receivables and other current assets. In the current period, management decided to disaggregate the amount into “Trade receivables” and “Prepayments and other current assets” to make it consistent with the statement of financial position.

(ii) finance costs paid were previously shown within the cash flows from operating activities. IFRS generally allows for a policy choice of where these costs should be recorded in the statement of cash flows as either operating or financing cash flows. Interest paid may be classified as operating cash flows because they enter into the determination of profit or loss. Alternatively, interest paid and interest and dividends received may be classified as financing cash flows because they are costs of obtaining financial resources or returns on investments. In management’s view, classifying them as financing would better reflect the substance of being the costs of obtaining financial resources and provide more relevant presentation.

(iii) Additions to property and equipment are now presented in one line (previously presented within “Additions to property and equipment” and “Additions to projects under construction”).

(iv) loans to a joint venture were incorrectly included under prepayments and other current assets albeit the nature of the loans was different to the other items in the condensed interim condensed consolidated of cash flow. Furthermore, the loans to the joint venture is an investing activity while prepayment and other current assets are operating activities.

Accordingly, the comparative information has been amended to reflect those changes in the presentation.

(All amounts in thousands Saudi Riyal unless otherwise stated)

18. RESTATEMENT - Continued

For the six-months period ended 30 June 2022 (Unaudited)	As originally presented	Restatement (1)	Restatement (2)	Restatement (3)	Restatement (4)	Restatement (5)	Restatement (6)	As restated at 30 June 2022 (Unaudited)
Revenue								
Hotels	182,516	-	-	-	-	-	-	182,516
Entertainment	143,023	-	-	-	-	-	-	143,023
Others	18,903	-	-	-	-	-	-	18,903
Total Revenue	344,442	-	-	-	-	-	-	344,442
Cost of revenue								
Hotels	(159,449)	184	278	-	-	-	-	(158,987)
Entertainment	(111,415)	526	228	(3,330)	-	-	-	(113,991)
Others	(21,304)	-	-	-	782	-	-	(20,522)
Cost of revenue	(292,168)	710	506	(3,330)	782	-	-	(293,500)
Gross profit	52,274	710	506	(3,330)	782	-	-	50,942
Selling and marketing expenses	(15,355)	-	-	-	-	-	-	(15,355)
General and administrative expenses	(77,140)	-	(506)	3,330	(782)	-	(984)	(76,082)
Total expenses	(92,495)	-	(506)	3,330	(782)	-	(984)	(91,437)
Operating loss	(40,221)	710	-	-	-	-	(984)	(40,495)
Financial charges on loans	(10,348)	-	-	-	-	-	-	(10,348)
Finance cost on lease liabilities	(17,715)	(2,023)	-	-	-	-	-	(19,738)
Share in net results of joint ventures	1,473	-	-	-	-	-	-	1,473
Other income	471	-	-	-	-	(467)	-	4
Reversal of allowance for expected credit loss	-	-	-	-	-	-	984	984
Gain on disposal of property and equipment	-	-	-	-	-	467	-	467
Loss before zakat	(66,340)	(1,313)	-	-	-	-	-	(67,653)
Zakat	-	-	-	-	-	-	-	-
Net loss for the period	(66,340)	(1,313)	-	-	-	-	-	(67,653)
Total comprehensive loss for the period	(67,478)	(1,313)	-	-	-	-	-	(68,791)
Basic and diluted loss per share (Note 13)	(1.02)	-	-	-	-	-	-	(0.21)

(All amounts in thousands Saudi Riyal unless otherwise stated)

18. RESTATEMENT - Continued

For the three-months period ended 30 June 2022 (Unaudited)	As originally presented	Restatement (1)	Restatement (2)	Restatement (3)	Restatement (4)	Restatement (5)	Restatement (6)	As restated at 30 June 2022 (Unaudited)
Revenue								
Hotels	85,321	-	-	-	-	-	-	85,321
Entertainment	77,128	-	-	-	-	-	-	77,128
Others	9,616	-	-	-	-	-	-	9,616
Total Revenue	172,065	-	-	-	-	-	-	172,065
Cost of revenue								
Hotels	(78,808)	92	70	-	-	-	-	(78,646)
Entertainment	(58,291)	240	115	(1,623)	-	-	-	(59,559)
Others	(10,787)	-	-	-	393	-	-	(10,394)
Cost of revenue	(147,886)	332	185	(1,623)	393	-	-	(148,599)
Gross profit	24,179	332	185	(1,623)	393	-	-	23,466
Selling and marketing expenses	(7,572)	-	-	-	-	-	-	(7,572)
General and administrative expenses	(38,864)	-	(185)	1,623	(393)	-	(917)	(38,736)
Total expenses	(46,436)	-	(185)	1,623	(393)	-	(917)	(46,308)
Operating loss	(22,257)	332	-	-	-	-	(917)	(22,842)
Financial charges on loans	(5,573)	-	-	-	-	-	-	(5,573)
Finance cost on lease liabilities	(8,548)	(1,022)	-	-	-	-	-	(9,570)
Share of net results of joint ventures	1,019	-	-	-	-	-	-	1,019
Other income	385	-	-	-	-	(382)	-	3
Reversal of allowance for expected credit loss	-	-	-	-	-	-	917	917
Gain on disposal of property and equipment	-	-	-	-	-	382	-	382
Loss before zakat	(34,974)	(690)	-	-	-	-	-	(35,664)
Zakat	-	-	-	-	-	-	-	-
Net loss for the period	(34,974)	(690)	-	-	-	-	-	(35,664)
Total comprehensive loss for the period	(35,271)	(690)	-	-	-	-	-	(35,961)
Basic and diluted loss per share (Note 13)	(0.54)	-	-	-	-	-	-	(0.11)

(All amounts in thousands Saudi Riyal unless otherwise stated)

18. RESTATEMENT - Continued

Impact on Cash flows for the period ended 30 June 2022 (Unaudited).

	As originally presented	Restatement (1)	Restatement (2)	Restatement (7)	Others	As restated at 30 June 2022 (Unaudited)
Operating activities						
Loss before zakat	(66,340)	(1,313)	-	-	-	(67,653)
Adjustments for:						
Depreciation of property and equipment	67,924	285	(697)	-	-	67,512
Amortization of intangible assets	-	-	697	-	-	697
Gain on disposal of property and equipment	(467)	-	-	-	-	(467)
Depreciation of right of use assets	46,299	(995)	-	-	-	45,304
Rent concession	(790)	-	-	-	-	(790)
Reversal of allowance for expected credit loss	(984)	-	-	-	-	(984)
Provision for slow moving inventories	211	-	-	-	-	211
Share of net results of joint ventures	(1,473)	-	-	-	-	(1,473)
Financial charges on loans	10,348	-	-	-	-	10,348
Financial charges on lease liabilities	17,714	2,023	-	-	-	19,737
Employees' terminal benefits liabilities provision	1,318	-	-	4,017	-	5,335
	73,760	-	-	4,017	-	77,777
Changes in working capital						
Trade receivables	(31,126)	-	-	-	36,384	5,258
Prepayments and other current assets	-	-	-	-	(26,744)	(26,744)
Inventories	45	-	-	-	-	45
Trade payables and other current liabilities	25,599	-	-	-	-	25,599
Net cash from operating activities	68,278	-	-	4,017	9,640	81,935
Employees' terminal benefits paid	-	-	-	(4,017)	-	(4,017)
Net cash generated from operating activities	68,278	-	-	-	9,640	77,918

(All amounts in thousands Saudi Riyal unless otherwise stated)

18. RESTATEMENT - Continued

Impact on Cash flows for the period ended 30 June 2022 (Unaudited) - Continued

	As originally presented	Restatement (1)	Restatement (2)	Restatement (7)	Others	As restated at 30 June 2022 (Unaudited)
Investing activities						
Additions to property and equipment	(15,954)	-	265	-	-	(15,689)
Additions to intangible assets	-	-	(265)	-	-	(265)
Proceeds from disposal of property and equipment	507	-	-	-	-	507
Additions to investments in joint ventures	(150)	-	-	-	-	(150)
Long term loans to a joint venture	-	-	-	-	(9,640)	(9,640)
Net cash used in investing activities	(15,597)	-	-	-	(9,640)	(25,237)
Financing activities						
Proceeds from loans	78,828	-	-	-	-	78,828
Repayment of loans	(115,857)	-	-	-		(115,857)
Payment of lease liabilities	(58,153)	-	-	-	-	(58,153)
Finance cost paid	(9,617)	-	-	-	-	(9,617)
Net cash used in financing activities	(104,799)	-	-	-	-	(104,799)
Net decrease in cash and cash equivalents	(52,118)	-	-	-	-	(52,118)
Exchange differences on translation of foreign currencies	(38)	-	-	-	-	(38)
Cash and cash equivalents at the beginning of the period	171,461	-	-	-	-	171,461
Cash and cash equivalents at the end of the period	119,305	-	-	-	-	119,305

19. APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved by the board of directors on 20 Muharram 1445H (corresponding to: 7 August 2023).